measures taken by the SEBI. Although after 12th March, 1994, there was a sharp fall in the volume of turnover in specified shares for a few days, the turnover has shown signs of increase in the last fortnight. Some reduction in the volume of turnover is inevitable on account of reduction in speculative activity. At present, there is no ban on carry-forward of transactions in specified shares.

(c) Securities and Exchange Board of India (SEBI) has decided on March 9, 1994 to allow carry-forward facility in the stock exchanges at Bombay, New Delhi, Calcutta and Ahmedabad under a framework of transparency and effective regulation, provided the stock exchanges satisfy SEBI that they are in a position to implement the system as proposed by SEBI.

**MODVAT Credit to big paper mills**

5477. SHRI SHANKAR DAYAL SINGH :
DR. BAPU KALDATE :

Will the Minister of FINANCE be pleased to state :

(a) whether the agro-based paper mills products are now taxed at 10 per cent;

(b) whether big paper mills using wood pulp are going to get full MODVAT Credit;

(c) if so, what would be the increased MODVAT benefit they would get on existing benefits; the details thereof;

(d) whether it is a fact that agro-based mills are now discouraged to use more than 50 per cent of agro-based raw material;

(e) if so, the reasons therefor;

(f) what is the quantum of tax differential, in quantum and percentage, between agro-based mills and wood pulp based mills per tonne; and

(g) whether the reduction of price differential due to reduction of tax differential would harm and liquidate agro-based mills ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) Agro based paper products attract excise duty at 5%, 10% or 15% depending, *inter alia*, on the percentage of unconventional raw material used and/or the quantum of clearances made from a paper factory in a financial year.

(b) and (c) All paper mills, including big paper mills, manufacturing dutiable products, can get MODVAT of duty paid on the inputs used by them. After the 1994-95 Budget, they would be entitled to take credit of duty paid on capital goods and petroleum products also. It is not possible to quantify the extra credit which will vary from mill to mill.

(d) and (e) At present, paper and paper board made from pulp containing 75% or more or unconventional raw materials attract a low rate of 5% ad valorem. A concessional rate of excise duty of 10% or 15% ad valorem is applicable when the use percentage of use of such materials is 50% or more but below 75%. Thus, there is an incentive for using unconventional raw materials.

(f) and (g) Paper and paper board produced by wood based mills are taxed at 20% ad valorem. Paper and paper board made from unconventional raw material (which includes agro based raw materials) based mills are taxed at 15% ad valorem if they use at least 50% pulp made from such materials. However, subject to certain conditions, products of such mills are taxed at 10% ad valorem upto a clearance of 33,000 tonnes in a financial year. Products of unconventional raw material based mills using 75% or more pulp of such materials are taxed at 5% ad valorem. In the Budget it was 10% but now we have reduced to 5%. As far as the differential in quantitative terms is concerned, the ex-factory prices of paper and paperboards vary, *inter alia*, with the type and/or quality of paper and paperboard and therefore, the differential will also vary from mill to mill and paper to paper. The present duty differential of 15% or 10% between small paper mills using agro based materials and wood based mills is considered reasonable to protect the interests of the former.

**Modification of guidelines for issuing bonus shares**

5478. SHRI SURESH KALMADI : Will the Minister OF FINANCE be pleased to state :

(a) whether it is a fact that the Securities and Exchange Board of India have recently modi-